

STATE TREASURER

| Budget Summary | | | | | | FTE Position Summary | | | | |
|----------------|--------------------------|-------------|-------------|--|---------|----------------------|-------------|-------------|-------------------------|---------|
| Fund | 2010-11 Adjusted Base | Governor | | 2011-13 Change Over Base Year Doubled | | 2010-11 | Governor | | 2012-13 Over 2010-11 | |
| | | 2011-12 | 2012-13 | Amount | % | | 2011-12 | 2012-13 | Number | % |
| PR | \$5,016,300 | \$4,861,100 | \$4,861,100 | - \$310,400 | - 3.1% | 11.55 | 9.95 | 9.95 | - 1.60 | - 13.9% |
| SEG | <u>2,429,400</u> | <u>0</u> | <u>0</u> | <u>- 4,858,800</u> | - 100.0 | <u>3.15</u> | <u>0.00</u> | <u>0.00</u> | <u>- 3.15</u> | - 100.0 |
| TOTAL | \$7,445,700 | \$4,861,100 | \$4,861,100 | - \$5,169,200 | - 34.7% | 14.70 | 9.95 | 9.95 | - 4.75 | - 32.3% |

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: Provide standard budget adjustments to base totaling -\$94,800 PR and \$14,200 SEG and -4.0 PR positions annually. Adjustments are for: (a) removal of non-continuing items (-\$184,000 PR and -4.0 PR positions annually); (b) full funding of continuing salaries and fringe benefits (\$85,200 PR and \$12,500 SEG annually); and (c) full funding of lease costs and directed moves (\$4,000 PR and \$1,700 SEG annually).

| | Funding | Positions |
|-------|---------------|-------------|
| PR | - \$189,600 | - 4.00 |
| SEG | <u>28,400</u> | <u>0.00</u> |
| Total | - \$161,200 | - 4.00 |

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor: Delete \$47,000 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$32,700 PR and \$14,300 SEG annually. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

| | |
|-------|-----------------|
| PR | - \$65,400 |
| SEG | <u>- 28,600</u> |
| Total | - \$94,000 |

3. AGENCY BUDGET REDUCTIONS

Governor: Delete \$108,900 PR and 1.2 PR positions and \$140,800 SEG and 1.55 SEG positions annually associated with: (a) deleting salaries and fringe benefits related to the deletion of 1.0 SEG financial officer

| | Funding | Positions |
|-------|------------------|---------------|
| PR | - \$217,800 | - 1.20 |
| SEG | <u>- 281,600</u> | <u>- 1.55</u> |
| Total | - \$499,400 | - 2.75 |

position for the college investment programs (EdVest, Tomorrow's Scholar, and the College Tuition and Expenses program); (b) deleting salaries and fringe benefits related to the deletion of 0.75 senior accountant position (0.50 PR and 0.25 SEG position); (c) deleting salaries and fringe benefits related to the deletion of 1.0 unclassified stenographer position (0.7 PR and 0.3 SEG position); (d) the deletion of \$13,100 PR and \$32,700 SEG in supplies and services; and (e) the deletion of \$8,500 PR in unallotted reserves.

Delete statutory language allowing an unclassified stenographer under State Treasurer and delete the specific stenographer position and related salary and fringe benefits. Under current law, each elected executive officer may appoint a stenographer. The stenographer is appointed under unclassified service with salaries set by the appointing authority, subject to other statutory restrictions and the compensation plan.

Under this provision, positions that are at least partially funded from programs other than unclaimed property and that were not transferred to DOA, would be deleted, as well as all remaining funding in the Office of the State Treasurer (salaries, fringe benefits, supplies and services and unallotted reserves) for the college savings programs and the local government investment pool program. This includes funding for 1.0 stenographer, 1.0 financial officer, and 0.75 senior accountant.

Under current law, several positions are partially funded by the programs administered by the Office: the college savings programs, the unclaimed property program, and the local government investment pool program. Under a separate item, the college savings programs and the local government investment pool would be transferred to DOA along with 1.0 position for each program. Under these provisions, portions of the position authority for the State Treasurer and the Deputy Treasurer would be moved to the remaining unclaimed property program. The bill would also transfer management functions of Office to DOA (also described separately).

[Bill Sections: 812, 2758, and 2764]

4. PUBLIC FINANCING OF CAMPAIGNS FOR SUPREME COURT JUSTICE--DEMOCRACY TRUST FUND

| | |
|-----|---------------|
| SEG | - \$3,200,000 |
|-----|---------------|

Governor: Delete \$1,600,000 SEG annually and transfer the SEG sum sufficient public financing benefits; candidates for justice appropriation to the Government Accountability Board (GAB). As a result, this appropriation would have no authorized expenditure authority under GAB. Under current law, this appropriation provides payment of public financing benefits to eligible Supreme Court Justice candidates, funded from the Democracy Trust Fund (DTF).

In addition, delete the DTF administration appropriation under the State Treasurer which authorizes the Treasurer to expend the amounts to offset costs incurred to administer the DTF. Under current law, this appropriation has no expenditure authority.

Finally, provide that it would be the responsibility of GAB, and not the State Treasurer, to administer the DTF and to create and extend lines of credit to eligible candidates for Supreme Court Justice. The DTF provides public financing grants for eligible candidates for Supreme

Court Justice.

[See Government Accountability Board and Miscellaneous Appropriations--Public Financing of Campaigns for Supreme Court Justice--Democracy Trust Fund for additional information.]

[Bill Sections: 5 thru 7, 16, 748, 756, 757, 884, and 885]

5. TRANSFER COLLEGE SAVINGS PROGRAMS TO DOA

| | Funding | Positions |
|-------|--------------------|---------------|
| PR | \$117,600 | 0.60 |
| SEG | <u>- 1,377,000</u> | <u>- 1.60</u> |
| Total | - \$1,259,400 | - 1.00 |

Governor: Delete \$688,500 SEG and 1.6 SEG positions and provide \$58,800 PR and 0.6 PR positions annually related to transferring 1.0 SEG position responsible for college savings plan (EdVest) administration to the Department of Administration (DOA). The additional program revenue funding and position authority would move partial funding of the State Treasurer and the Deputy State Treasurer from the EdVest-supported administrative appropriation to the unclaimed property-supported administrative appropriation.

Specify that the College Savings Board would be attached to DOA rather than the State Treasurer and that the DOA Secretary or the Secretary's designee would serve as a member of the Board rather than the State Treasurer or the Treasurer's designee. Transfer the various appropriations, currently in the Office of the State Treasurer, to DOA's supervision and management functions.

Transfer of the College Savings Programs. Under current law, the Office of the State Treasurer operates two ongoing college savings programs: (a) EdVest; and (b) Tomorrow's Scholar. Administration of these programs would be transferred to DOA under the bill.

Under current law, The funds invested in the college savings programs can be used for tuition, fees, room and board, and educational supplies. Wisconsin residents may deduct up to \$3,000 annually, per beneficiary. Parents, grandparents, great grandparents, aunts, and uncles of the beneficiary who made contributions to the program are eligible for the Wisconsin tax deduction. Account owners may also claim a deduction for contributions made to their own account. Investment earnings and distributions from an account established through a section 529 qualified program, including Wisconsin's EdVest and Tomorrow's Scholar, programs of other states, and private institutions, are exempt from both federal and Wisconsin income taxes if the withdrawals are used for qualified higher education expenses. The bill makes no change to either college savings program.

Transfer of College Tuition and Expenses Program. Transfer the College Tuition and Expenses program from the Office of the State Treasurer to the DOA.

The College Tuition and Expenses Program (also known as the tuition units purchase program) allowed individuals to purchase units of tuition. The value of each unit is equal to an estimate of 1% of weighted UW System tuition at the time of expected enrollment of the

beneficiary. The funds can be used for any U.S. higher education institution. The program was available from July, 1997, through December, 2002, although some invested funds will remain in the program, through approximately 2024. The State Treasurer must make payments to the beneficiary or on the beneficiary's behalf in each semester of attendance the lesser actual costs or the amount of funding available. Under the bill, these duties would be transferred to DOA. The bill makes no other change to the program.

Nonstatutory Provisions. Specify that the assets, liabilities and tangible property of the Office of the State Treasurer related to the college savings programs and the College Tuition and Expenses program, as determined by the DOA Secretary, would become assets, liabilities and tangible property of DOA on the effective date of the bill.

Specify that all pending matters of the college savings programs and the College Tuition and Expenses program, as determined by the DOA Secretary, would become pending matters of DOA on the effective date of the bill. Materials submitted to, or actions taken by, the Office of the State Treasurer related to these programs would be considered to or taken by DOA.

All contracts entered into by the Office of the State Treasurer, on the effective date of the bill, would become contracts of DOA, as determined by the DOA Secretary. The Department would be responsible for carrying out the obligations of these contacts unless modified or rescinded by DOA, to the extent allowed under the contract.

Under the bill, the administrative rules promulgated by the Office of the State Treasurer, relating to the college savings programs and the College Tuition and Expenses program, would remain in effect until the expiration date of the rule or until amended or repealed by DOA. All orders issued by the Office of the State Treasurer related to the college savings programs and the College Tuition and Expenses program would remain in effect until the end of their effective date or until modified or rescinded by DOA. Under the bill, the DOA Secretary would determine which rules and orders are related to the college savings programs.

On the effective date of the bill, 1.0 SEG position from the Office of the State Treasurer, who is the incumbent employee for these programs, would be transferred to DOA. Specify that the DOA Secretary would identify the position to transfer. The transferred person would retain their earned rights and status under the state employment relations laws. Any person transferred would not have to go through a probationary period, if he or she has already obtained permanent status.

[Bill Sections: 74 thru 77, 207, 208, 758 thru 766, 868, 904 thru 907, 1756 thru 1760, 3491, 3492, and 9149(1)]

6. TRANSFER LOCAL GOVERNMENT INVESTMENT POOL

| | Funding | Positions |
|----|----------------|------------------|
| PR | - \$364,800 | - 1.00 |

Governor: Delete \$223,200 and 1.4 classified position annually related to the transfer of the local government pooled-investment fund from the Office of the State Treasurer to the Department of Administration (DOA). Within the Office of the State

Treasurer, provide \$40,800 and 0.4 unclassified position, related to partial funding of salaries and fringe benefits of the State Treasurer and the Deputy State Treasurer, from supported by the investment fund to funded from the unclaimed property revenues.

Under current law, an officer or employee of a local unit of government may deposit funds through the State Treasurer into an investment fund that is the pooled assets of the various local governments that have authorized deposits. The funds are invested by the State of Wisconsin Investment Board (SWIB) and managed along with cash balances of state agencies and excess cash of the retirement funds managed by SWIB. The local units of government can specify the period in which the funds are invested. The State Treasurer may prescribe the mechanisms and procedures for deposits and withdrawals. In cooperation with DOA, SWIB must provide information to the State Treasurer on the status of the fund. The Treasurer must make a monthly report to each local unit of government that has invested in the fund. The State Treasurer must deduct monthly from the earnings of the fund an amount sufficient to cover the actual and necessary expenses of administering the fund.

The duties of the State Treasurer would be transferred to DOA under the bill. There would be no programmatic changes to the local government pooled-investment fund program under the bill.

Nonstatutory Provisions. Specify that the assets, liabilities, and tangible property (including records) of the Office of the State Treasurer related to the local government pooled-investment fund, as determined by the DOA Secretary, would become assets, liabilities and tangible property of DOA on the effective date of the bill.

Specify that all pending matters of the local government pooled-investment fund, as determined by the DOA Secretary, would become pending matters of DOA on the effective date of the bill. Materials submitted to or actions taken by the Office of the State Treasurer related to this program would be considered to or taken by DOA.

All contracts entered into by the Office of the State Treasurer, related to the local government pooled-investment fund, on the effective date of the bill, would become contracts of DOA, as determined by the DOA Secretary. The Department would be responsible for carrying out the obligations of these contracts unless modified or rescinded by DOA, to the extent allowed under the contract.

Under the bill, the administrative rules promulgated by the Office of the State Treasurer, relating to the local government pooled-investment fund would remain in effect until the expiration date of the rule or until amended or repealed by DOA. All orders issued by the Office of the State Treasurer related to the local government pooled-investment fund would remain in effect until the end of their effective date or until modified or rescinded by DOA. Under the bill, the DOA Secretary would determine the rules and orders that are related to the local government investment pool.

On the effective date of the bill, 1.0 PR position from the Office of the State Treasurer, who is the incumbent employee for the program, would be transferred to DOA. Specify that the DOA Secretary would identify the position to transfer. The transferred person would retain their

earned rights and status under the state employment relations laws. Any person transferred would not be required to serve a probationary period, if he or she has already obtained permanent status.

[Bill Sections: 755, 896, 898 thru 903, and 9149(2)]

7. TRANSFER OF STATE TREASURER MANAGEMENT FUNCTIONS TO DOA

Governor: Transfer the assets, liabilities, and tangible property (including records) of the Office of the State Treasurer that are primarily related to management services, as determined by the DOA Secretary, to DOA.

Specify that all pending matters of the Office of the State Treasurer that are primarily related to management services, as determined by the DOA Secretary, would become pending matters of DOA on the effective date of the bill. Materials submitted to or actions taken by the Office of the State Treasurer that are primarily related to management services would be considered to or taken by DOA.

All contracts entered into by the Office of the State Treasurer that are primarily related to management services, on the effective date of the bill, would become contracts of DOA, as determined by the DOA Secretary. The Department would be responsible for carrying out the obligations of these contracts unless modified or rescinded by DOA, to the extent allowed under the contract.

Under the bill, the administrative rules promulgated by the Office of the State Treasurer that are primarily related to management services, as determined by the DOA Secretary, would remain in effect until the expiration date of the rule or until amended or repealed by DOA. All orders issued by the Office of the State Treasurer that are primarily related to management services, as determined by the DOA Secretary, would remain in effect until the end of their effective date or until modified or rescinded by DOA.

[Bill Section: 9149(3)]

8. UNCLAIMED PROPERTY PERMANENT POSITIONS

| | Funding | Positions |
|----|----------------|------------------|
| PR | \$409,600 | 4.00 |

Governor: Provide \$204,800 and 4.0 classified positions annually for managing unclaimed property cash revenue accounts and database, claims review and processing, management reconciliation of stock portfolios, and security and sale of safe deposit contents. Under current law, these positions are provided on a temporary (project) basis set to expire on June 30, 2011. The project positions are eliminated under standard budget adjustments.